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FISCAL IMPACT STATEMENT

LS 7596

BILL NUMBER: HB 1546

NOTE PREPARED: Jan 12, 2003

BILL AMENDED:

SUBJECT: Participating Health Providers.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes certain requirements concerning health care providers that enter into agreements with health insurers and health maintenance organizations with respect to claims, billing, and actions taken by a licensing authority against a provider.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The Department of Insurance is to adopt rules to prohibit a provider from unbundling and upcoding. It is assumed that the Department can adopt these rules as part of its administrative duties at no additional cost.

This bill requires that a professional board, overseen by the Health Professions Bureau, report to a health insurer or a health maintenance organization (HMO) under certain situations. If the insurer or HMO requests to be notified, the board shall report to the insurer or HMO if the board takes action, or receives a report of an adverse action taken by a hospital or professional review committee against a provider who is licensed, certified, registered, or permitted by the board. The cost associated with this provision is unknown and expected to be minimal and dependent upon the number of insurers or HMOs that request to be notified and the number of times a board is required to provide a report.

This bill also makes some procedural changes regarding reporting time limits and billing guidelines. These changes are not expected to have any state fiscal impact.

Background: Unbundling is defined as the use of multiple billing codes when describing individual components of a health care service rather than the use of a single comprehensive billing code. Upcoding is

defined as billing for a health care service at a higher level than the level at which the health care service is delivered.

Explanation of State Revenues: This bill states that a the Commissioner of the Department of Insurance can levy administrative penalties against health providers in certain instances. A provider that has entered into an agreement with a health insurer or a health maintenance organization and is found to have unbundled or upcoded charges is subject to an administrative penalty of not more than \$10,000 for each offense, which would be deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance; All agencies, boards, advisory committees, or groups under the Health Professions Bureau that oversee health care providers subject to this bill.

Local Agencies Affected:

Information Sources:

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